

Statement by the Honorable Frank R. Wolf of Virginia
Chairman
Commerce-Justice-State Appropriations Subcommittee
May 22, 2003

Good morning.

Today the subcommittee will hear the experiences and concerns of a number of American businesses about increased imports from the People's Republic of China,

and we will review the efforts of U.S. trade-related agencies to support American businesses in this regard.

This Committee has funding responsibility for a number of trade-related agencies, including the departments of Commerce and State, the United States Trade Representative, the International Trade Commission and the Court of International Trade.

In the coming weeks, we will be making decisions on the Fiscal Year 2004 budget. Therefore, it is important for us to understand the effectiveness of these agencies in helping American small and medium-sized businesses deal with consequences of increasing imports from China.

Today we will hear from the National Association of Manufacturers, a number of business owners and officers of manufacturing companies, pharmaceutical and chemical companies, and agricultural interests and farmers.

We welcome you all.

The purpose of this hearing is not to review international trade policy, but to highlight the particular concerns of American companies about the impacts of imports from China.

The subcommittee has heard concerns that the Administration has unfairly favored Chinese businesses at the expense of American companies in antidumping cases. These allegations are deeply troubling to me.

And they are more startling given the sharply increasing U.S. trade deficit.

Last year, the United States trade deficit was at an all-time record of \$435 billion. \$435 BILLION.

That is the highest trade deficit in our nation's history.

Some are predicting it could soon top \$600 BILLION.

The numbers for China are even more startling.

According to the Census Bureau, in 1985, our trade deficit with China was \$6 million [with an “m”];

in 1995, it was \$33.8 billion [with a “b”];

last year it was \$103 billion.

If you do the math, our trade imbalance with China has grown an astronomical 1,716,566 percent [1.7 million percent] since 1985.

Put another way, our trade imbalance with China was greater in the past half hour than in all of 1985.

Some say such a trade imbalance is not a bad thing.

Others aren’t so sure.

I, for one, am deeply concerned that there has not been a sufficient amount of attention focused on the possible long-term impacts of the trade imbalance on our country and especially its impact on jobs.

According to the Bureau of Labor Statistics, the U.S. has lost more than 2 million of its manufacturing jobs in the past five years – a greater than 12 percent decline.

According to one report this has been the worst decade for manufacturers since the great depression.

Right now, 27.5 percent of our manufacturing capacity is sitting idle.

Some would say that a manufacturing sector isn’t all that important in this high tech economy. I do not agree. Without a manufacturing base, this country cannot be as competitive on the global stage.

As recently as the year 2000, the U.S. received about seven times as much Foreign Direct Investment – or FDI – as China. Now China has surpassed the U.S. in FDI; in fact, FDI in China is up 51 percent this year – in the U.S., it is stagnant.

At the outset of this hearing, I would like to state that I did not vote for PNTR with China.

I have been a long-time critic of the human rights violations of the People’s Republic of China and continue to be concerned that the values we as Americans hold dear – freedom of speech, freedom of press, freedom of religion – are not the values shared by many of our trading partners, including China.

While I could spend the entire time allotted for this hearing documenting human rights violations which continue unabated in China, this hearing today is not about human rights in China.

While I disagree with the direction of our nation's trade policies with China and questioned the wisdom of not only this Administration but past Administrations and the Congress in regard to trade relations with China, the bottom line is that the U.S. and China are trading partners.

In accepting that reality, however, I continue to believe that we must do everything possible to ensure that trade with China is fair and that U.S. businesses – especially small and medium-sized businesses – are not cut off at the knees by products dumped into our economy by China.

We have to look at what our policies are when it comes to dealing with imports from China and make sure American companies are able to compete on a level playing field. We are losing too many jobs to stand by and let products from China flood our markets.

Again, I welcome all the witnesses and I look forward to hearing your testimony today.

Mr. Serrano, I am pleased to recognize you for your opening statement.